

08 Fringe benefits tax

CHAPTER 08

OVERVIEW

For the 2010–11 fringe benefits tax (FBT) year:

- FBT payable was \$443.2 million for Australian Government departments, a 13.4% increase from 2009–10
- FBT payable was \$3.2 billion for other employers, an increase of 6.7% from 2009–10
- FBT rebates of \$102.5 million were claimed, a 8.5% increase from 2009–10
- employee contributions towards the cost of providing fringe benefits totalled \$1.2 billion, an increase of 6.9% from 2009–10.

INTRODUCTION

A fringe benefit is, generally speaking, a benefit provided in respect of employment. Fringe benefits are provided to employees (or associates of the employees) in place of, or in addition to, salary or wages. Benefits include any right, privilege, service or facility – for example, the use of a car for private purposes.

Fringe benefits tax (FBT) is the tax paid by employers on fringe benefits. The benefit does not have to be provided directly by the employer for FBT to apply. FBT may still apply if the benefit is provided by an associate of the employer or by a third party under an arrangement with the employer or an associate of the employer.

Employees generally do not pay income tax on the fringe benefits they receive. FBT is paid by employers, irrespective of whether they are sole traders, partnerships, trusts, corporations, unincorporated associations or government bodies, and irrespective of whether they are liable to pay other taxes such as income tax. The rate of FBT for the 2010–11 FBT year remained unchanged from the previous year, at 46.5%.

Employers can generally claim an income tax deduction for the cost of providing fringe benefits. FBT paid by an employer may also be an allowable income tax deduction.

The FBT year runs from 1 April to 31 March, rather than from 1 July to 30 June as is the case for other tax types. For example, the 2010–11 FBT year ran from 1 April 2010 to 31 March 2011. FBT returns must be lodged by 21 May each year, which is a shorter lodgment period than for other tax types. These features of the FBT system enable the reporting of FBT statistics that are one year ahead of the statistics based on other income year return forms – for example, for personal tax.

This chapter primarily reports and discusses FBT statistics for the 2010–11 FBT year.

NEW FEATURES AND INFORMATION

Statistics for the 2010–11 FBT year reported in this chapter may have been affected by changes to the tax treatment of employee share schemes.

Box 8.1 Calculating taxable status for fringe benefits tax¹

Taxable status is calculated as:	
	Amount of tax payable (item 16)
less	Amount of rebate (item 18)
<i>gives</i>	<i>Sub-total (item 19)</i>
<i>Taxable</i>	where the sub-total is greater than zero
<i>Non-taxable</i>	where the sub-total is zero or less

¹ Items in brackets refer to fringe benefit return labels

FBT RETURNS

There were 66,428 FBT returns lodged and processed for 2010–11, an increase of 1.9% when compared to 2009–10. The total FBT payable increased by 7.5% to \$3.7 billion.

Table 8.1 FBT returns and FBT payable, by employer type and taxable status, 2009–10 and 2010–11 FBT years

Employer type	2009–10 ¹		2010–11 ¹	
	No.	\$m	No.	\$m
Australian Government departments	109	391	112	443
Other employers				
Taxable	50,308	3,008	50,246	3,211
Non-taxable	14,749	0	16,070	0
<i>Total</i>	<i>65,057</i>	<i>3,008</i>	<i>66,316</i>	<i>3,211</i>
Total²	65,166	3,398	66,428	3,654

¹ Data for the 2009–10 and 2010–11 FBT years includes data from FBT returns processed up to 31 October 2010 and 31 October 2011 respectively.

² Totals may differ from the sum of the components due to rounding.

FBT PAYABLE

The FBT payable by an employer is calculated by applying the FBT rate to the 'fringe benefits taxable amount'. The tax is generally payable by an employer where an employee has received a fringe benefit.

For taxable 'other employers' (employers other than Australian Government Departments) in 2010–11, the mining industry continued to have the largest average FBT payable at around \$246,250 per employer. It was closely followed by the public administration and safety industry with average FBT payable of around \$229,270.

The professional, scientific and technical services industry continues to have the most payers, accounting for 16.0% of taxable 'other employers'.

Table 8.2 FBT payable¹, by employer type, taxable status and broad industry², 2009–10 and 2010–11 FBT years

Employer type	2009–10 ³		2010–11 ³	
	No.	\$m	No.	\$m
Australian Government departments	109	391	112	443
Other employers				
Taxable				
Agriculture, forestry and fishing	877	17	828	17
Mining	940	217	999	246
Manufacturing	5,984	404	5,926	416
Electricity, gas, water and waste services	319	54	340	59
Construction	3,602	128	3,638	135
Wholesale trade	6,405	360	6,338	389
Retail trade	3,690	161	3,599	167
Accommodation and food services	1,367	36	1,323	38
Transport, postal and warehousing	1,473	125	1,481	125
Information media and telecommunications	951	104	964	106
Financial and insurance services	3,197	318	3,203	331
Rental, hiring and real estate services	1,959	59	2,019	65
Professional, scientific and technical services	8,154	307	8,062	337
Administrative and support services	2,158	111	2,211	132
Public administration and safety	954	213	977	224
Education and training	1,889	141	1,919	145
Health care and social assistance	2,459	52	2,488	56
Arts and recreation services	622	38	601	43
Other services	2,077	85	2,054	91
Other ⁴	1,231	78	1,276	88
Industry total ⁵	50,308	3,008	50,246	3,211
Non-taxable	14,749	0	16,071	0
Total⁵	65,166	3,398	66,428	3,654

1 Refers to FBT payable calculated before rebates were deducted.

2 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

3 Data for the 2009–10 and 2010–11 FBT years relates to FBT returns processed up to 31 October 2010 and 31 October 2011 respectively.

4 Includes FBT payable by FBT payers who did not state their industry.

5 Totals may differ from the sum of the components due to rounding.

The fringe benefits received by employees fall into two general categories according to whether or not the benefit is a 'GST-creditable benefit'. Type 1 benefits are those for which the provider of the benefit is entitled to a GST input tax credit because of the provision of the benefit or because of the acquisition or importation of the thing they provided as a benefit. Type 2 benefits are those that are not type 1 fringe benefits.

Each industry has more type 1 benefits than type 2 benefits. Overall, the value of type 1 benefits accounted for 72.8% of all benefits for taxable 'other employers'.

For taxable 'Other employers', the public administration and safety industry continued to have the largest average type 1 benefit of around \$183,930 per employer, whereas the mining industry continued to have the largest average type 2 benefit of around \$308,820 per employer.

Table 8.3 Type 1 and 2 aggregate amounts, by employer type, taxable status and broad industry¹, 2010–11 FBT year²

	Type 1 aggregate amount ³		Type 2 aggregate amount ⁴	
	No.	\$m	No.	\$m
Australian Government departments	111	73	78	429
Other employers				
Taxable				
Agriculture, forestry and fishing	734	12	294	6
Mining	978	123	476	147
Manufacturing	5,770	359	1,589	83
Electricity, gas, water and waste services	336	53	136	10
Construction	3,521	116	764	27
Wholesale trade	6,203	331	1,658	82
Retail trade	3,511	150	882	26
Accommodation and food services	1,152	25	543	15
Transport, postal and warehousing	1,434	104	453	29
Information media and telecommunications	939	86	325	27
Financial and insurance services	2,992	239	1,114	117
Rental, hiring and real estate services	1,901	54	456	15
Professional, scientific and technical services	7,716	259	1,941	100
Administrative and support services	2,087	111	607	26
Public administration and safety	946	174	466	44
Education and training	1,780	78	1,041	80
Health care and social assistance	1,789	25	355	7
Arts and recreation services	555	27	253	19
Other services	1,768	63	688	32
Other ⁵	1,130	67	414	26
Industry total ⁶	47,242	2,458	14,455	917
Non-taxable	13	0	0	0
Total⁶	47,354	2,531	14,533	1,346

1 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

2 Data for 2010–11 relates to FBT returns processed up to 31 October 2011.

3 Type 1 amounts represent fringe benefits that are GST-creditable benefits.

4 Type 2 amounts represent fringe benefits that are not GST-creditable benefits.

5 Includes taxable employers who did not state their industry.

6 Totals may differ from the sum of the components due to rounding.

FBT REBATES

FBT is payable on the grossed-up taxable value of benefits, and an offsetting income tax deduction is allowed for the FBT paid. However, certain non-profit employers (such as religious institutions, trade unions, scientific and public educational institutions and endorsed charitable institutions) are exempt from income tax and cannot claim income tax deductions for the FBT they pay. To ensure that these employers are not disadvantaged, they are eligible for an FBT rebate of 48%.

For the 2010–11 FBT year, FBT rebates increased by 8.5% to \$102.5 million. The industry with the largest number of taxable 'Other employers' claiming a rebate was education and training with 40.8% of the total number of FBT rebates claimed. Wholesale trade continues to have the highest average rebate claimed, which for the 2010–11 FBT year was around \$85,710 per employer.

Table 8.4 FBT rebates claimed, by employer type, taxable status and broad industry¹, 2009–10 and 2010–11 FBT years

Employer type	2009–10 ²		2010–11 ²	
	No.	\$m	No.	\$m
Australian Government departments	0	0.0	0	0.0
Other employers				
Taxable				
Agriculture, forestry and fishing	26	0.2	23	0.1
Manufacturing	11	0.1	8	0.0
Electricity, gas, water and waste services	5	0.1	5	0.1
Construction	9	0.1	6	0.1
Wholesale trade	15	1.2	14	1.2
Retail trade	14	0.1	11	0.1
Accommodation and food services	270	4.3	263	4.1
Transport, postal and warehousing	8	0.3	7	0.3
Information media and telecommunications	29	0.6	28	0.6
Financial and insurance services	20	0.7	22	0.8
Rental, hiring and real estate services	7	0.0	5	0.0
Professional, scientific and technical services	171	3.4	170	3.7
Administrative and support services	123	3.0	121	3.2
Public administration and safety	23	0.4	28	0.4
Education and training	1,394	43.4	1,426	45.5
Health care and social assistance	107	1.7	102	2.4
Arts and recreation services	295	10.0	301	11.9
Other services	842	22.7	848	25.0
Other ³	115	2.4	111	2.9
Industry total ⁴	3,484	94.5	3,499	102.5
Non-taxable	0	0.0	0	0.0
Total⁴	3,484	94.5	3,499	102.5

1 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

2 Data for the 2009–10 and 2010–11 FBT years includes data from FBT returns processed up to 31 October 2010 and 31 October 2011 respectively.

3 Includes mining and other entities that did not state their industry.

4 Totals may differ from the sum of the components due to rounding.

EMPLOYEE CONTRIBUTIONS

In some circumstances, an employee may make a payment to their employer as a contribution towards the cost of providing fringe benefits. These payments are referred to as 'employee contributions'. Employee contributions generally reduce the taxable value of a fringe benefit by the amount of the contribution. Employee contributions are considered assessable income of the employer.

For the 2010–11 FBT year, employers had to report employee contributions for motor vehicles, expense payments, housing, airline transport, board, property, car parking and other benefits.

For taxable 'other employers' in the 2010–11 FBT year, overall employee contributions increased by 6.8%. The mining industry had the highest percentage increase in employee contributions by employees of all taxable 'other employers' with a 76.5% increase.

Some company, partnership and trust detailed tables in other chapters of this publication contain statistics on fringe benefit employee contributions for the 2010–11 FBT year.

Table 8.5 Employee contributions to employers, by employer type, taxable status and broad industry¹, 2009–10 and 2010–11 FBT years

Employer type	2009–10 ²		2010–11 ²	
	Employers	\$m	Employers	\$m
Australian Government departments	94	257	96	273
Other employers				
Taxable				
Agriculture, forestry and fishing	186	3	178	4
Mining	265	34	298	60
Manufacturing	1,593	102	1,660	108
Electricity, gas, water and waste services	123	15	130	19
Construction	903	19	913	22
Wholesale trade	1,623	43	1,618	50
Retail trade	1,155	34	1,140	35
Accommodation and food services	304	5	296	4
Transport, postal and warehousing	414	32	429	37
Information media and telecommunications	239	26	236	32
Financial and insurance services	844	108	885	53
Rental, hiring and real estate services	463	7	496	8
Professional, scientific and technical services	2,275	62	2,323	70
Administrative and support services	604	17	635	18
Public administration and safety	584	168	585	189
Education and training	549	41	586	45
Health care and social assistance	548	34	596	44
Arts and recreation services	152	5	155	6
Other services	486	10	508	11
Other ³	315	15	351	17
Industry total ⁴	13,625	781	14,018	834
Non-taxable	10,724	84	11,726	93
Total⁴	24,443	1,122	25,840	1,199

1 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

2 Data for the 2009–10 and 2010–11 FBT years includes data from FBT returns processed up to 31 October 2010 and 31 October 2011 respectively.

3 Includes FBT employee contributions where the industry was not stated.

4 Totals may differ from the sum of the components due to rounding.

Employee contributions towards car fringe benefits for which the taxable value was calculated using the statutory formula ('cars – statutory') have been the most popular type of contribution, representing 80.9% of the total \$834 million of employee contributions to taxable 'other employers' in 2010–11.

Table 8.6 Employee contributions to employers, by employer type, taxable status and type of contribution, 2009–10 and 2010–11 FBT years

Employer type	Employers	2009–10 ¹ \$m	Employers	2010–11 ¹ \$m
Australian Government departments	94	257	112	273
Other employers				
Taxable				
Cars – statutory	10,507	587	10,865	674
Cars – operating cost	3,378	22	3,470	23
Expense payments	1,275	92	1,303	41
Housing	506	20	482	19
Airline transport	61	11	65	14
Board	17	1	23	2
Property	199	8	208	10
Other benefits	607	30	669	38
Car parking	365	10	427	12
Contribution total ^{2,3}	13,625	781	14,018	834
Non-taxable	10,724	84	16,070	93
Total³	24,443	1,122	30,200	1,199

1 Data for the 2009–10 and 2010–11 FBT years includes data from FBT returns processed up to 31 October 2010 and 31 October 2011 respectively.

2 Components do not add to the totals as employers may report more than one type of contribution.

3 Totals may differ slightly from the sum of the components due to rounding.

ESTIMATED STATUTORY CAR FRINGE BENEFITS

The number of car fringe benefits for which the taxable value was calculated using the statutory formula, are provided by employers that have completed a FBT return. Due to data quality issues associated with this label in the FBT return, this statistic should be considered an estimate only.

Table 8.7 shows the number of estimated statutory car benefits increased in 2010–11 when compared with 2009–10.

Table 8.7 Estimate of statutory car fringe benefit numbers, 2009–10 and 2010–11 FBT years

	2009–10	2010–11
Number of estimated benefits^{1,2}	513,524	532,573

1 Derived from those employers who reported some gross taxable value for 'cars-statutory' fringe benefits.

2 Includes all FBT returns processed by 31 October 2010 and 31 October 2011 respectively.

SOURCE OF FBT STATISTICS

The statistics in this chapter are sourced from 2010 and 2011 FBT returns processed by 31 October 2010 and 31 October 2011 respectively. The statistics reported are not necessarily complete as the proportion of tax returns processed by 31 October each year can vary. We recommend you exercise caution when comparing the statistics for the current year and previous years.

Statistics in the detailed tables have been updated for the 1997–98 to 2010–11 FBT years to include returns processed by 31 October 2011. These statistics cannot be compared to those in previous editions of *Taxation statistics*.

A copy of the FBT return form is in the appendix. You can view or download it in PDF file format from the attached CD-ROM or from the online version of *Taxation statistics* on our website at www.ato.gov.au

FBT CHAPTER TABLES

The FBT chapter tables are now on the attached CD-ROM and included in the online version of this publication on our website. You can now view or download all the chapter tables in Excel.

LIST OF FBT DETAILED TABLES

The following FBT detailed tables are on the attached CD-ROM and included in the online version of this publication on our website. You can view or download all the detailed tables as PDF or Excel files.

The items referred to in the detailed tables are items declared on the 2011 FBT return.

Table 1 FBT payable, by employer type and taxable status, 1997–98 to 2010–11 FBT years

This time series table shows grades of FBT payable, by employer type and taxable status, for the 1997–98 to 2010–11 FBT years.

Table 2 FBT payable and FBT rebate, by employer type, taxable status and broad industry, 2010–11 FBT year

This table shows FBT payable, FBT rebates claimed and net FBT payable, by employer type, taxable status and broad industry groupings, for the 2010–11 FBT year.

Table 3 Number of FBT payers and value of benefit, by employer type, taxable status, type of benefit and broad industry, 2010–11 FBT year

This table shows the number of FBT payers and the value of benefits, by employer type, taxable status, type of benefit and broad industry groupings, for the 2010–11 FBT year.

Table 4 Employee contributions, by employer type, taxable status, type of benefit and broad industry, 2010–11 FBT year

This table shows amounts of employee contributions that entities (companies, partnerships, trusts, individuals and others) – classified by employer type, taxable status and broad industry groupings – received from their employees for different types of benefits (motor vehicle, expense payments, housing, board, airline transport, property, car parking and other (residual)) for the 2010–11 FBT year.

Table 5 ‘Cars – statutory’ employee contributions, by employer type and taxable status, 1997–98 to 2010–11 FBT years

This time series table shows grades of ‘cars – statutory’ employee contributions, by employer type and taxable status, for the 1997–98 to 2010–11 FBT years.

Table 6 Selected items, by employer type and taxable status, 1997–98 to 2010–11 FBT years

This time series table shows selected items, by employer type and taxable status, for the 1997–98 to 2010–11 FBT years.

Table 7 Fringe benefits, by employer type, taxable status and benefit type, 1997–98 to 2010–11 FBT years

This time series table shows the number of FBT payers and the benefit value amounts, by employer type, taxable status and type of benefit, for the 1997–98 to 2010–11 FBT years.

❗ To meet privacy regulations, statistics for some items may not be included in these tables.

Includes FBT returns processed by 31 October 2011 and those returns processed within the period 1 April to 31 October of each FBT year.